

Board Regulation 1.2

AUDIT AND RISK ASSURANCE COMMITTEE TERMS OF REFERENCE

1.0 PURPOSE

- 1.1 To oversee the assurance and control environment of the University, by:
- independent and objective review and scrutiny of the effectiveness of the University's internal control systems; and
 - providing assurance to the Board of Governors that suitable and robust arrangements exist to promote efficiency and effectiveness and pro-active risk management.
- 1.2 To review the scope and effectiveness of the work of the internal and external auditors and advise the Board of Governors on their appointment.
- 1.3 To review the audit of the University's draft annual financial statements and going concern status.

2.0 MEMBERSHIP

- 2.1 The Audit and Risk Assurance Committee members and its Chair shall be appointed by the Board of Governors and must consist of members with no executive responsibility for the management of the institution or significant interests in it.
- 2.2 There shall be no fewer than three members of the Board appointed to the Committee. At least one member should have recent relevant experience in finance, accounting or auditing.
- 2.3 University Senior Leadership Team members, the Chair of the Board of Governors and the Chair of the Finance Committee shall not be Audit and Risk Assurance Committee members.¹ Provided these exemptions are maintained, Audit and Risk Assurance Committee members can be Finance Committee members by exception, subject to approval by the Board of Governors.

¹ As stipulated in the Committee of University Chairs (CUC) Higher Education Audit Committees Code of Practice paragraph 25.

- 2.4 Occasional attendance by Audit and Risk Assurance Committee members at the Finance Committee as an observer is encouraged (as is attendance by members of the Finance Committee at Audit and Risk Assurance Committee meetings on a similarly occasional basis).
- 2.5 The Board may co-opt as Committee members persons who have particular audit expertise but are not members of the Board and not persons who are members of firms providing services to the University.
- 2.6 At least once a year, the committee should meet with each of the external and internal auditors without any officers present.

3.0 QUORUM

- 3.1 The quorum shall be 50% of the membership rounded up to the next whole number.

4.0 CLERKING ARRANGEMENTS

- 4.1 Clerk to the Board supported by Minuting Secretary.

5.0 IN ATTENDANCE

- 5.1 The following Officers may attend:
Chief Operating Officer
Deputy Vice-Chancellor
A Provost
Executive Director for Students
Head of Internal Audit
Representative of the External Auditors

6.0 BY INVITATION

- 6.1 The following may be invited as observers:
Vice-Chancellor
Director of Finance

7.0 FREQUENCY OF MEETINGS

- 7.1 Meetings shall normally be held at least four times each academic year. The external auditors or head of internal audit may request an additional meeting if they consider it necessary.

8.0 TERMS OF REFERENCE

- 8.1 The Committee conducts its business in accordance with the requirements and expectations of the Office for Students (OfS) conditions of registration and terms and conditions of funding for higher education providers, and the Committee of University Chairs (CUC) Higher Education Audit Committees Code of Practice.

External and Internal Audit

- 8.2 To consider and advise the Board on the appointment and terms of engagement of the external auditors and the internal audit service (and the Head of internal audit if applicable), the audit fee, the provision of any non-audit services by the external or internal auditors, and any questions of resignation or dismissal of the external or internal auditors.

External Audit

- 8.3 To discuss with the external auditors, before the audit begins, the nature and scope of the audit.
- 8.4 To discuss with the external auditors any problems and reservations arising from the interim and final audits, including a review of the management letter, incorporating management responses, and any other matters the external auditors may wish to discuss.

Internal Audit

- 8.5 To review the internal auditors' audit risk assessment, strategy and programme; consider major findings of internal audit investigations and management's response; and promote co-ordination between the internal and external auditors.
- 8.6 To determine and decide the resources to be allocated to meet the University's internal audit needs, with advice and recommendations from the Executive.

Monitoring effectiveness of audit services

- 8.7 To monitor annually the performance and effectiveness of the external and internal auditors, including any matters affecting their objectivity, and make recommendations to the Board concerning their reappointment, where appropriate.
- 8.8 To monitor the implementation of agreed audit-based recommendations.

Financial Statements

- 8.9 To review the University's annual financial statements in the presence of the external auditors to ensure the accuracy and completeness of published data; appropriate contextual information; and the clarity of presentation. This must include consideration of the auditors' formal opinion, the going concern status of the University, the corporate governance statement, the statement of members' responsibilities and the statement of internal control, in accordance with the OfS's Accounts Direction.
- 8.10 The Committee will recommend the financial statements to the Board of Governors for approval.

Internal Controls

- 8.11 To keep under review the University's financial control systems and Financial Regulations.
- 8.12 To monitor the effectiveness of, and compliance with, the University's policies on fraud and irregularity, bribery and corruption and public interest disclosure including being notified of any action taken under these policies.
- 8.13 To ensure that the reasons for all significant losses have been properly investigated and that the internal and external auditors - and where appropriate the regulator – have been informed.
- 8.14 To monitor and satisfy itself that suitable arrangements are in place to ensure the sustainability of the institution and to promote economy, efficiency and effectiveness (value for money) in the management of the University's resources.
- 8.15 To satisfy itself that effective arrangements are in place to ensure that the data used by the University and submitted to external stakeholders and regulatory bodies meets expected quality thresholds.
- 8.16 To keep under review the University's legislative and regulatory compliance arrangements, including being notified of any reportable events.
- 8.17 To review the control arrangements and responsibilities relating to the University's subsidiary companies.
- 8.18 In the event of the merger or dissolution of the institution, to ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

Risk Management and Governance Arrangements

- 8.19 To consider and recommend to the Board of Governors the risk management policy and the Strategic Risk Register.
- 8.20 To provide operational oversight of risk management and keep under review the effectiveness of the risk management, control and governance arrangements.
- 8.21 To review and ensure compliance with the OfS Transparent Approach to Costing (TRAC) requirements.
- 8.22 To monitor compliance with statutory and other requirements for Health and Safety as placed upon the University as an employer.
- 8.23 To receive any relevant reports from the National Audit Office (NAO), the regulator or other organisations.

Annual Report

8.24 To prepare an annual report, for the Board of Governors and Vice-Chancellor, in compliance with the CUC Higher Education Audit Committees Code of Practice, covering the institution's financial year and any significant issues up to the date of preparing the report. The report will summarise the activity for the year and give an opinion of the adequacy and effectiveness of the University's arrangements for:

- risk management, control and governance (the risk management element includes the accuracy of the statement of internal control included within the annual statement of accounts);
- sustainability, economy, efficiency and effectiveness (value for money);
- management and quality assurance of data submitted to regulatory bodies.

This opinion should be based on the information presented to the committee. The Audit and Risk Assurance Committee annual report should normally be submitted to the Board before the members' responsibility statement in the annual financial statements is signed.

9.0 AMENDMENTS TO THE TERMS OF REFERENCE

9.1 Amendments to the membership and terms of reference may be proposed by the Committee at any time but shall only be formally approved by the Board of Governors.

10.0 REVIEW OF THE TERMS OF REFERENCE

10.1 The membership and terms of reference of the Committee shall be formally reviewed on an annual basis by the Committee and any proposals for amendments submitted to the Board of Governors for approval.

11.0 STANDING ORDERS

11.1 The CUC Audit Committees Code of Practice stipulates that 'Audit Committees need a set of standing orders within the context of general governance arrangements for the provider to ensure the proper conduct of business'. To fulfil this specific requirement the Standing Orders for the Audit and Risk Assurance Committee can be found at Annex A.

Re-approved by Board of Governors 24th June 2026

Annex A

AUDIT AND RISK ASSURANCE COMMITTEE STANDING ORDERS

- 1. Appointment, removal or resignation of internal and external auditors**
- 1.1 The Board of Governors is responsible for the appointment and removal of external and internal auditors.
- 1.2 The University has chosen to appoint an audit firm to provide its internal audit service.
- 1.3 The appointments are made by the Board of Governors following the recommendation of the Audit and Risk Assurance Committee.
- 1.4 Where auditors cease to hold office for any reason, they should provide the Board with a statement of any circumstances connected with their removal which they consider should be brought to the Board's attention, or a statement that there are no such circumstances. The Audit and Risk Assurance Committee should investigate the issues giving rise to such resignation or removal and consider whether any action is required. If necessary, the Audit and Risk Assurance Committee Chair should ensure that each member of the governing body has a copy of the auditors' statement.

- 2. The Audit and Risk Assurance Committee**
- 2.1 The Board of Governors has an Audit and Risk Assurance Committee which follows best practice in higher education corporate governance, including the CUC Audit Committees Code of Practice.
- 2.2 The purpose and responsibilities of the Audit and Risk Assurance Committee are set out in its Terms of Reference. The Terms of Reference are approved by the Board of Governors and are subject to regular review.
- 2.3 The Audit and Risk Assurance Committee has the right to obtain all the information it considers necessary to fulfil its role and to consult directly with the internal auditors, external auditors, the University's Senior Leadership Team and any employees it considers necessary.
- 2.4 The Audit and Risk Assurance Committee must be supported by suitably resourced internal audit and external audit functions, operating to recognised professional standards. It also considers evidence-based assurances from management.
- 2.5 The Terms of Reference for the Audit and Risk Assurance Committee set out its membership which should comply with the recommendations in the CUC Higher Education Audit Committees Code of Practice.
- 2.6 Audit and Risk Assurance Committee members should be provided with an induction programme covering the role of the Committee and key information about the institution. This should be supplemented by further development opportunities, where appropriate.
- 2.7 Audit and Risk Assurance Committee members are expected to attend most meetings, prepare appropriately and make an effective contribution.
- 2.8 Audit and Risk Assurance Committee meetings must be scheduled to coincide with key dates within the financial reporting and audit cycle to enable the Committee to make timely and influential decisions.

- 2.9 If members are unable to attend, then provision should be made for them to provide comments on any papers, either via the Clerk to the Board or the Committee Chair, in advance of the meeting.
- 2.10 The Board of Governors must make funds available to the Audit and Risk Assurance Committee to enable it to take independent legal, accounting or other advice when the Committee reasonably believes it is necessary to do so.

3. Internal Audit arrangements

- 3.1 The University must have a suitably resourced internal audit function which must comply with the professional standards of the Chartered Institute of Internal Auditors. Internal audit terms of reference must make clear that its scope encompasses all the University's control arrangements, including those for obtaining value for money.
- 3.2 The internal audit service must produce an annual report which must relate to the financial year and include any significant issues, up to the date of preparing the report, which affect the opinions. It must be addressed to the Board of Governors and the Accountable Officer and must be considered by the Audit and Risk Assurance Committee.
- 3.3 The Head of Internal Audit must have direct access to the University's Accountable Officer, the Chair of the Audit and Risk Assurance Committee and, if necessary, the Chair of the Board.

4. External audit arrangements

- 4.1 The external auditor must be listed on the Register of Statutory Auditors.
- 4.2 External audit must provide an opinion to the Board of Governors on whether funds (including public funds) have been applied for the intended purposes and on whether the financial statements provide a true and fair view of financial results for the year.
- 4.3 External audit must also form a view about whether the University is a going concern.
- 4.4 External auditors must issue a report to the Audit and Risk Assurance Committee and the Board of Governors which records any accounting issues and control deficiencies arising from the audit. The report must be prepared in accordance with the requirements of the OfS Accounts Direction. The Vice-Chancellor's Senior Leadership Team must provide written responses to any recommendations made or issues raised.
- 4.5 The report, with management responses, must be made available to the Audit and Risk Assurance Committee in time to inform the Committee's annual report.
- 4.6 External auditors should have properly monitored internal policies and procedures in place to establish that the firm and its individual members are independent from the University. They should issue an annual statement, which may be included within their report, which sets out the processes used to ensure their independence and objectivity, taking into consideration relevant UK professional and regulatory requirements.

5 Provision of audit services

- 5.1 Internal and external audit services must not be provided by the same firm or provider.

6 Provision of non-audit services

- 6.1 Where appropriate, the University may employ the internal or external auditors to undertake additional work. Any such work must not impair the independence and objectivity of the auditors. Consideration must also be given to the nature of the non-audit services; whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit service and the fees incurred.
- 6.2 The Chair of the Audit and Risk Assurance Committee must approve the provision of non-audit services by the auditors.
- 6.3 The University will disclose separately, by way of a note to the financial statements, the fees paid to their external auditors for other services.

7 Auditors' access

- 7.1 Internal and external auditors should have unrestricted right of access to the Audit and Risk Assurance Committee and/or its Chair and the right to ask the Chair to convene a meeting if necessary. The single exception would be agenda items covering the review of the audit service itself.
- 7.2 Internal and external auditors must have unrestricted access to information, including all records, assets, personnel and premises and are authorised to obtain whatever information and explanations the Head of Internal Audit service or the external auditor considers necessary.